

## Landlord/Tenant: Change of ownership

When a rental unit changes owners in the middle of a lease, the new owner must observe all terms of the existing lease (except in cases of foreclosure or bankruptcy). The new owner cannot make changes (except minor rule changes) until the lease expires. When renters are month-to-month, the landlord can change the rental amount or other terms of the rental agreement by giving a written notice at least 28 days before the beginning of the rental period when the changes will go into effect.

Renters must be notified of any change in the name or address of the owner/manager, the person to contact for maintenance, and the person who accepts legal papers. The landlord must mail or deliver written notice of each change within ten (10) business days after the change occurs.

### **Foreclosure/Bankruptcy**

Landlords who are having financial trouble may end up in foreclosure on the property they rent to tenants or even may file for bankruptcy. Tenants who rent from financially troubled landlords may be suddenly surprised to find that their landlord is no longer the

owner. Renters may also discover that getting back their security deposit from their former landlord can be difficult if not impossible.

Renters often do not hear about pending foreclosure of their rented residence until being told that they have to vacate by a representative of a financial institution. Landlords are not legally obligated to inform their tenants about an impending foreclosure.

In the case of foreclosure or bankruptcy, the renter's rights cease when the owner's rights do. However, if the renter pays the amount of rent owed and the bank (in a foreclosure) or trustee/receiver (in a bankruptcy) accepts the renter's money, the renter will have at least a month-to-month agreement with that entity.

Renters who learn that their landlords are in default on a mortgage or already in foreclosure are often confused about who is entitled to the rent money. If you suspect that your rental property is in foreclosure or is going into foreclosure, continue to make your rental payments as

required by your rental agreement. Remember that you are still locked into a contract with your landlord until the end of your rental agreement so it is important to continue making rental payments to your landlord unless you are otherwise directed by the court or by the agent handling the foreclosure.

You can determine whether your rental property is in foreclosure by contacting the Clerk of Court for your county. You can also check on the Internet at the Wisconsin Circuit Court access site: [wcca.wicourts.gov](http://wcca.wicourts.gov).

If you find that your rental property is in foreclosure, you can contact the party foreclosing to determine how the foreclosure might affect your rental agreement.

Once the lender gives the property owner a written notice of default, the lender has the right to receive the rent directly from the renters. Lenders have to give written notice to the renters, and they typically do so by letter, posted notice on the property, or in person.

Tenants with a 'heads up' about a pending foreclosure may attempt to contact the lender to ask to remain a tenant. Unfortunately, most banks and financial institutions are not interested in being landlords. So the request may not be granted. In fact, they have the right to request that the renter vacate as quickly as possible once the foreclosure is completed by a sale.

In some cases, banks and financial institutions will offer the renter a cash reward to move out within two weeks and leave the property clean and ready for new occupancy. This is called a 'cash-for-keys' transaction that renters may not even be aware of as an option to ask about.

Renters who withhold rent from the owner/landlord may end up being evicted. Having an eviction on your record may make it difficult if not impossible to secure a new rental.

## **Security deposit**

Landlords must return a security deposit, less any amounts withheld by the landlord, in person or by mail to the last known address of the tenant within 21 days after any of the following:

- If the tenant vacates the premises on the termination date of the rental agreement, the date on which the rental agreement terminates.
- If the tenant vacates the premises or is evicted before termination date of the rental agreement, the date on which the tenant's rental agreement terminates or, if the landlord re-rents the premises before

the tenant's rental agreement terminates, the date on which the new tenant's tenancy begins.

- If the tenant vacates the premises or is evicted after the termination date of the rental agreement, the date on which the landlord learns that the tenant has vacated the premise or has been removed from the premises under s. 799.45 (2), Stats.

If the landlord fails to return the deposit or a written, itemized statement of deductions to the renter within the 21 days, the renter may sue the landlord for twice the amount of the deposit plus court costs and reasonable attorney's fees.

In cases of a change of ownership, the possession of the security deposit depends on the terms of the sale. You can contact the new owner to see if they have possession of your security deposit. If the new owner does not have it, contact the old owner to discuss the return of your security deposit.

In cases of foreclosed properties, landlords may fail to return the security deposit. A renter's only option to try and get their security deposit back is to file a civil lawsuit in small claims court against the landlord who was foreclosed upon.

## **Repairs and maintenance while paying the bank**

Even though the bank is receiving the rent payments, all other rights and responsibilities that the owner/landlord has with respect

to the tenants remain in place. Until the bank actually forecloses, the owner is still the owner. This may lead to problems if a tenant needs maintenance or repairs done in the rental unit. Without a source of income from the rental property, owners might be unable or unwilling to maintain it. However, landlords must maintain the rental unit in a fit and habitable condition. The financial institution is not explicitly obligated to assume the maintenance duties of the owner. Unless there is a specific local law to the contrary, the bank's right to receive rent money does not turn the bank into the landlord for purposes of maintaining the property.

If you need to notify the landlord and bank of needed repairs to your rental unit, be as specific as possible. You may explain that the problem might become worse and more costly to the landlord if it is not taken care of right away. Also mention any potential for injury. A hole in the stairway carpeting could cause someone to trip and fall, making the landlord liable for the injury. Landlords are also sensitive to security issues. Thus, be sure to point out any security risks created by your problem, such as a broken lock or faulty hallway light. Finally, if the problem affects other tenants, be sure to emphasize that as well.

You need to consider reporting your landlord to your local building inspector or housing agency because some minor problems may violate local building or housing codes. Call the agency that enforces these codes in your area to find out if

any violations may be present. You can find their contact information by looking under the city or county government listings of your phone book. Officials at the agency should be able to explain whether your problem violates local codes and may be able to take action against your landlord.

If conditions deteriorate to the point where the home is not fit to live in, renters may find themselves stuck between an owner who has no ability or resources to take care of the property, and a bank that has no obligation to do so. Not paying the bank is not likely to result in maintenance or repairs to the property. It is more likely to result in an eviction notice.

For more information or to file a complaint, visit our website or contact the Bureau of Consumer Protection.

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